

Berrien Springs Community Library

11-8000

Financial Report

March 31, 2004

RENDEL ELIE

— & —

ASSOCIATES PLC

CERTIFIED PUBLIC ACCOUNTANTS

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Berrien Springs Community Library	County Berrien
Audit Date 3/31/04	Opinion Date 9/22/04	Date Accountant Report Submitted to State: 10/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Rendel Elie & Associates PLC, CPA's			
Street Address 1010 Main Street	City St. Joseph	State MI	ZIP 49085
Accountant Signature <i>Rendel Elie, CPA</i>		Date 10/21/04	

Berrien Springs Community Library

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Independent Auditors' Report

Library Board
Berrien Springs Community Library
Berrien Springs, Michigan

We have audited the accompanying basic financial statements of the Berrien Springs Community Library as of March 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Berrien Springs Community Library as of March 31, 2004 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Berrien Springs Community Library. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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RENDEL ELIE
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Independent Auditors' Report (continued)

The management discussion and analysis included in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Berrien Springs Community Library. We did not examine this data and, accordingly, do not express an opinion thereon.

As discussed in Note 1, the Library adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

Rendel Elie & Associates
RENDEL ELIE & ASSOCIATES, PLC
CERTIFIED PUBLIC ACCOUNTANTS

September 22, 2004

**Berrien Springs Community Library
Management's Discussion and Analysis
March 31, 2004**

Using this Annual Report

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *government-wide financial statement* columns provide both *long-term* and *short-term* information about the Library's *overall* financial status. The statement of net assets and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**Berrien Springs Community Library
Management's Discussion and Analysis
March 31, 2004**

Condensed Financial Information

The table below compares key financial information in a condensed format in thousands of dollars:

	<u>2004</u>
Current assets	\$ 152.8
Capital assets	<u>1,491.5</u>
Total assets	<u>1,644.3</u>
Current liabilities	17.2
Net assets:	
Invested in capital assets	1,491.5
Restricted	11.3
Unrestricted	<u>124.3</u>
Total net assets	<u>\$1,627.1</u>
Revenue:	
Property taxes	166.9
Other	<u>129.9</u>
Total revenue	296.8
Expenses – library services	<u>290.9</u>
Changes in net assets	<u>\$ 5.9</u>

**Berrien Springs Community Library
Management's Discussion and Analysis
March 31, 2004**

The Library as a Whole

- The Library's net assets increased by \$5,864 this year compared to a decrease of \$19,447 in the prior year. The primary reason for the increase is an increase in penal fines received. The decrease in the year ended 2003 was primarily due to the capital outlay of \$53,187.
- The Library's primary source of revenue is from property taxes, which represents 57% of total revenue as compared to 60% in the prior year.
- Salaries and fringe benefits continue to be a significant expense of the Library, representing 51% of the Library's total expenses. An increase in salaries contributed to an increase of \$14,719 in salary and fringe benefit expenses over the prior year.
- The Library's circulation numbers continue to increase, a record circulation was reached in 2003. The total circulation for 2003 was 124,544, which was 9,346 more items than the previous record, which was set in 2002.

The Library's Fund

Our analysis of the Library's major fund is included on page 6 and 7 in the first column of the statement. The fund column provides detailed information about the most significant fund, the General Fund. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities, such as special property tax millages. The Library's major fund consists solely of the General Fund.

The fund balance of the General Fund increased during the current year by \$29,233. The increase was in line with the final amended budget.

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendments occurred in library books and materials, and capital outlay.

The increase in the budgeted amounts for library books and materials was the result of expansion in the book and audio/video collection due to increased circulation.

The increase in the budgeted amounts for capital outlays was the result of acquiring new signage for the Library.

**Berrien Springs Community Library
Management's Discussion and Analysis
March 31, 2004**

Capital Assets and Debt Administration

At the end of the fiscal year, the Library had \$1.68 million invested in land, building, furniture and equipment, and books and materials. The library added \$64,882 in capital assets consisting of \$18,552 of equipment and \$46,330 in new collection items including new books, audio/visual materials, and enhancement of the music collection.

No debt was issued during the fiscal year.

Berrien Springs Community Library
Governmental Fund Balance Sheet / Statement of Net Assets
March 31, 2004

	General Fund		Statement of
	Modified		Net Assets
	<u>Accrual Basis</u>	<u>Adjustments</u>	
Assets			
Cash	\$ 88,225	\$ -	\$ 88,225
Investments	62,994	-	62,994
Prepaid expenses	1,556		1,556
Fixed assets, net	-	1,491,578	1,491,578
Total assets	<u>\$ 152,775</u>	<u>\$ 1,491,578</u>	<u>1,644,353</u>
Liabilities			
Accounts payable	\$ 3,366	\$ -	\$ 3,366
Salaries and benefits payable	6,480	-	6,480
Compensated absences:			
Expected to be paid within one year	-	6,864	6,864
Expected to be paid after one year	-	514	514
Total liabilities	<u>9,846</u>	<u>7,378</u>	<u>17,224</u>
Fund Balance/Net Assets			
Fund balance - restricted	11,265	(11,265)	-
Fund balance - unrestricted	<u>131,664</u>	<u>(131,664)</u>	-
Total fund balance	<u>142,929</u>	<u>(142,929)</u>	-
Total liabilities and fund balance	<u>\$ 152,775</u>		
Net assets:			
Invested in capital assets		1,491,578	1,491,578
Restricted		11,265	11,265
Unrestricted		<u>124,286</u>	<u>124,286</u>
Total net assets		<u>\$ 1,627,129</u>	<u>\$ 1,627,129</u>

See auditors' report and notes to financial statements.

Berrien Springs Community Library
Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance /
Statement of Activities
Year Ended March 31, 2004

	General Fund Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 166,904	\$ -	\$ 166,904
State grants	5,568	-	5,568
Penal fines	100,572	-	100,572
Fees and book fines	13,726	-	13,726
Interest and dividends	3,626	-	3,626
Contributions and donations	6,444	-	6,444
Total revenue	296,840	-	296,840
Expenditures:			
Salaries and fringe benefits	131,261	7,378	138,639
Capital outlay	18,553	(18,553)	-
Library books and materials	46,330	(46,330)	-
Repairs and maintenance	23,066	-	23,066
Utilities	14,394	-	14,394
Professional services and dues	10,300	-	10,300
Office and library supplies	4,115	-	4,115
Insurance and bonds	5,823	-	5,823
Electronic services	4,997	-	4,997
Repairs and maintenance supplies	2,911	-	2,911
Depreciation		80,874	80,874
Miscellaneous	3,495	-	3,495
Communications	2,729	-	2,729
Total expenditures	267,974	23,369	291,343
Revenue over Expenditures	28,866	(23,369)	5,497
Other Revenue			
Increase in market value of stock	367	-	367
Total other revenue	367	-	367
Excess of Revenue over Expenditures /			
Change in Net Assets	29,233	(23,369)	5,864
Fund Balance/Net Assets - beginning of year	113,696	1,507,569	1,621,265
Fund Balance/Net Assets - end of year	\$ 142,929	\$ 1,484,200	\$ 1,627,129

See auditors' report and notes to financial statements.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Summary of Significant Accounting Policies

The accounting policies of the Berrien Springs Community Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion an Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Library’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library’s activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements, including notes to the financial statements.

Reporting Entity

Berrien Springs Community Library is a Class III public library. The Library serves a population of more than 9,843 patrons from the Village of Berrien Springs, and the Township of Oronoko.

The Library is defined as a governmental unit under criteria set forth by AICPA’S Audits of State and Local Governmental Units (ASLGU). These criteria include; a Board of Trustees consisting of representative members appointed or elected from the governmental units served and, the power to enact and enforce a tax levy.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts – invested in capital assets; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, penal fines, and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the Library receives cash.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Financial Statement Amounts

Bank Deposits and Investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The Library receives an advance from

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Summary of Significant Accounting Policies (continued)

the Berrien County Revolving Fund for delinquent property taxes. The County collects the delinquent property taxes on behalf of the Library.

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture and equipment	5-10 years
Improvements	10-20 years
Library books and materials	3-10 years

Compensated Absences (Vacation and Sick Leave) – It is the library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Library's policy states it will not pay any unused sick leave amounts when employees separate from service with the Library.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subjective to changes.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Summary of Significant Accounting Policies (continued)

Risk Management - The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for employee health, property, liability and workers' compensation.

Property Taxes - The electors of the Library district, the Berrien Springs Community Library serves, approved a .9953 millage on the taxable property in the district, expiring December of 2006. The Oronoko Township collects and remits the tax revenues to the Library as collected.

Budget Information

The annual budget is prepared by the Library Director and adopted by the Library Board; subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (combined statement of revenue, expenditures and changes in fund balances – budget and actual – general fund types) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. A comparison of the actual results of operations of the General Fund budget, as adopted by the Library Board, is available at the library for inspection.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Cash and Investments

State statutes authorize the Library to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investments vehicles legal for direct investment by local units of government in Michigan. The Library is in accordance with statutory authority. The Library has designated a local bank for the deposit of its funds. Its cash and cash equivalents consist of various interest bearing savings accounts, checking accounts and certificates of deposit.

The Library's investments include 38 shares of American Electric Power corporate stock donated to the Library. Investments are carried at market value, as quoted on major stock exchanges. At March 31, 2004, the carrying value of the stock was \$1,223. Realized and unrealized gains or losses on investments are determined by comparison of cost at acquisition to market value on the balance sheet date.

The Library held the following investments as of March 31, 2004:

	<u>Cost</u>	<u>Quoted Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificate of deposit	\$ 50,000	\$ 50,506	\$ 506
Corporate stock	857	1,223	366
Savings	<u>11,265</u>	<u>11,265</u>	<u>-</u>
Total	<u>\$ 62,122</u>	<u>\$ 62,994</u>	<u>\$ 872</u>

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Fixed Assets

A summary of changes in general fixed assets:

	Beginning of year <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	End of year <u>Balance</u>
Land	\$ 48,000	\$ -	\$ -	\$ 48,000
Building	1,277,071	-	-	1,277,071
Building improvement	47,318			47,318
Furniture and equipment	103,469	18,552		122,021
Book collection	<u>139,416</u>	<u>46,330</u>	<u>- -</u>	<u>185,746</u>
Total	1,615,274	64,882	-	1,680,156
Accumulated depreciation	<u>(107,704)</u>	<u>(80,874)</u>	<u>- -</u>	<u>(188,578)</u>
Net book value	<u>\$ 1,507,570</u>	<u>\$ (15,992)</u>	<u>\$ - -</u>	<u>\$ 1,491,578</u>

Leased Building Under Capital Lease

The Library has elected to capitalize its long-term lease agreement. The Library and the Oronoko Charter Township executed an agreement for the construction and lease of the library building on May 9th, 1989. The Township borrowed a portion of the sum of money necessary to pay the cost and expenses of constructing, furnishing, and equipping the library building, and issued general obligation bonds for this purpose. The site upon which the project was constructed was held by the Library. The Library conveyed and transferred to the Township, title to the parcel of land for use by the Township solely as a site for the project. The Township has agreed to levy taxes on all taxable properties located within the corporate boundaries of the Township for sufficient moneys to meet both the principal and interest requirements on the bonds. The Library provides liability insurance to the extent necessary to protect the Township and the Library against loss on account of damage or injury to persons or property.

The lease contract shall terminate upon the final payment of all principal and interest on the bonds. When the bonds have been retired, the Township will convey the building back to the Library without consideration, by quitclaim deed. The bonds are scheduled to mature on May 1, 2008, at which time the ownership of the land and building will transfer to the District Library.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Book Collection

The circulating library book collection and materials is capitalized. Accessions are accounted for in the year acquired. The Library follows a policy of periodically removing books that are in poor condition, not in demand, and/or no longer current. The net increase to the circulating collection during the year ended March 31, 2004 was 4,620 units. The estimated replacement value of the circulating collection at March 31, 2004, was \$1,281,425.

Contingent Liabilities

Tax revenue - The Library has received advances from the Berrien County Tax Revolving Fund for delinquent taxes assessed on real property. If those taxes prove to be uncollectible, the Library will be responsible for repayment. Taxes advanced by the county, during the fiscal year ending March 31, 2004 were \$9,094.

Unemployment taxes - The Library has elected to reimburse the Michigan Employment Security Agency for any unemployment benefits paid to former employees.

Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004

Reconciliation of Fund Financial Statements to Government-wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance – Modified Accrual Basis	\$ 142,929
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Differences in the statement of net assets:

Capital assets are not financial resources, and are not reported in the funds	1,491,578
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Compensated absences are included as a liability	<u>(7,378)</u>
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Net Assets of General Fund – Full Accrual Basis	<u>\$ 1,627,129</u>
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**Berrien Springs Community Library
Notes to Financial Statements
March 31, 2004**

**Reconciliation of Fund Financial Statements to Government-wide Financial
Statements (Continued)**

Net Change in Fund Balances – Modified Accrual Basis \$ 29,233

Differences in the statement of net assets:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Library books and materials	46,330
Capital outlay	18,553
Depreciation	(80,874)

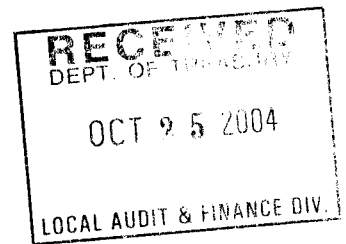
Increase in the accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund statements	<u>(7,378)</u>
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Change in Net Assets of General Fund – Full Accrual Basis \$ 5,864

Berrien Springs Community Library
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended March 31, 2004

	Originally Adopted Budget	Final Amended Budget	Actual Balances	Over (Under)
Revenues:				
Property taxes	\$ 165,700	\$ 166,904	\$ 166,904	\$ -
State grants	7,200	5,568	5,568	-
Penal fines	75,000	100,572	100,572	-
Fees and book fines	8,500	13,726	13,726	-
Interest and dividends	1,000	3,231	3,626	395
Contributions and donations	-	4,143	6,444	2,301
Total revenue	257,400	294,144	296,840	2,696
Expenditures:				
Salaries and fringe benefits	132,811	135,586	131,261	(4,325)
Capital outlay	9,300	16,802	18,553	1,751
Library books and materials	40,000	45,485	46,330	845
Repairs and maintenance	20,000	23,114	23,066	(48)
Utilities	14,600	14,118	14,394	276
Professional services and dues	10,000	10,300	10,300	-
Office and library supplies	6,300	7,121	4,115	(3,006)
Insurance and bonds	6,200	5,996	5,823	(173)
Electronic services	5,500	5,430	4,997	(433)
Repairs and maintenance supplies	3,700	2,950	2,911	(39)
Miscellaneous	5,989	4,063	3,495	(568)
Communications	3,000	2,740	2,729	(11)
Total expenditures	257,400	273,705	267,974	(5,731)
Revenue over Expenditures	-	20,439	28,866	8,427
Other Revenue				
Increase in market value of stock	-	-	367	367
Total other revenue	-	-	367	367
Excess of Revenue over Expenditures / Change in Net Assets	-	20,439	29,233	8,794
Fund Balance/Net Assets - beginning of year	113,696	113,696	113,696	-
Fund Balance/Net Assets - end of year	\$ 113,696	\$ 134,135	\$ 142,929	\$ 8,794

RENDEL ELIE
— & —
ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS



Berrien Springs Community Library
Berrien Springs, Michigan

Report of Comments and Recommendations

In planning and performing our audit of the financial statements of the Berrien Springs Community Library, for the year ended March 31, 2004, we considered its internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Berrien Springs Community Library's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of the internal control structure was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in any control structure, errors or irregularities may occur and not be detected by such control structure.

We offer the following comments for your consideration:

Accounting – The Library uses spreadsheets for financial reports, while using Quickbooks for its general ledger. We recommend the full use of Quickbooks and its features, including its reports. Quickbooks can be a useful tool by providing the library with monthly financial statements, budget to actual reports and more.

Electronic File Backup – Currently, the Bookkeeper backs up Quickbooks files at least twice monthly and stores the back-ups at his off-sight location. While this is a good practice, keeping a working copy and a backup disk at the library location could further enhance the procedure.

Endowment – We encourage the Board to continue with its long-term goals including its commitment to increase endowments and memorials.

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We wish to express our appreciation for the friendliness and cooperation extended to us during this audit.

Sincerely,

Rendel Elie & Associates
RENDEL ELIE & ASSOCIATES, PLC
CERTIFIED PUBLIC ACCOUNTANTS

September 22, 2004

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